

Opening Remarks by Mr. Shunsuke Shirakawa
Vice Commissioner for International Affairs of the JFSA
at the Asia General Insurance Executive Forum on 23 May 2017

Greeting

Today, I would like to offer my sincerest congratulations on the Asia General Insurance Executive Forum which is being held for the first time on this auspicious moment of the centennial anniversary of the General Insurance Association of Japan. I am so honored to be here to make remarks on this memorable occasion.

I hope this forum will be a fruitful one through candid exchange of opinions among the high-level participants from both industry associations and insurance authorities in Asian countries.

Financial cooperation to Asian countries

In the fast-growing Asian region, it is indispensable to strengthen the financial system for the stability of the real economy. I am aware that everyone in this room is working vigorously towards the development of each financial system and the enhancement of corresponding financial regulation and supervision. So, I would like to express my great respect and gratitude for the contributions and efforts you have been making.

In this respect, the JFSA provides support for the development of soft infrastructure, such as laws and regulations, and hard infrastructure such as digitalization of settlement systems, as well as the sharing of knowledge and experience of administrative management, while considering that the knowledge Japan has gained from its past experience would help solve similar problems you may be facing. The JFSA would like to contribute to the strengthening of financial functions throughout Asia in following ways to the best of our humble ability.

Support for financial infrastructure development

Firstly, let me introduce how the JFSA is supporting the development of financial infrastructure in the Asian region. After establishing frameworks of financial technical cooperation with relevant authorities in Asia, the JFSA offers technical assistance for establishment of financial regulatory systems and capacity building of financial

authorities through training programs, high-level meetings and so on. These efforts are aimed at strengthening the relationship between the JFSA and each authority from a long-term perspective.

Up to now, the JFSA has signed memorandums of understanding or exchange of letters with 14 financial supervisory authorities in seven countries— Cambodia, Indonesia, Mongolia, Myanmar, the Philippines, Thailand and Vietnam. And through these frameworks and bilateral discussions, we offer tailor-made technical assistance fit for the needs in each country.

To give you a concrete example of such assistances, I would like to introduce the case of Myanmar. We concluded a memorandum of understanding for technical cooperation with the Ministry of Finance of Myanmar in January 2014. We put the highest priority to the establishment of a stock exchange, and offered various training programs for its staff and conducted high-level meetings for project management. We believe that these efforts led to the launch of the Myanmar Securities and Exchange Commission and the opening of the Yangon Stock Exchange.

In the area of insurance sector, we conducted local training programs on insurance supervision for the Myanmar Authority in conjunction with Japanese non-life insurers last year. We also provided training programs on insurance supervision and reinsurance policies in Mongolia. We held a total of nine insurance-related training sessions and seminars for Indonesia, Mongolia, Myanmar, Thailand and Vietnam in accordance with the needs of each country.

Cooperation through the Global Financial Partnership Center

Secondly, the JFSA has established the Global Financial Partnership Center (GLOPAC), whose main objective is to further strengthen cooperative relationships with financial authorities in Asia and around the world.

To pursue this objective, the GLOPAC invites financial regulators and supervisors mainly from Asia as Visiting Fellows to the JFSA, and offers 2 to 3-month fellowship programs providing lectures covering Japanese regulatory framework, supervisory practices, and other relevant issues. Through the fellowship programs, a Visiting Fellow is expected to not only acquire knowledge but also exchange and develop their views on the financial system in his or her home country.

The GLOPAC is providing the training program since April 2014, which is

classified to three types of training courses—one for bank officials, one for securities officials, and the last one for insurance officials. Those courses are tailored to the areas of interest of each Visiting Fellow. As such, prior communication with the authority from which each Visiting Fellow comes is indispensable to design each training course.

For example, in the area of insurance sector, the GLOPAC program consists of various lectures and seminars on the Japanese insurance market including lectures on the regulatory framework by relevant officials of the JFSA. The General Insurance Association of Japan, the General Insurance Institute of Japan, the General Insurance Rating Organization of Japan, and general insurance companies also provide lectures and seminars on the functions of SROs, market infrastructures and insurers' practical operations and so on.

So far, we have accepted a total of 77 Visiting Fellows from banking, securities, and insurance authorities in 22 countries, of which 17 officials are in the insurance field. Taking this opportunity, I would like to express my sincere appreciation to those contributed to the GLOPAC programs as well as to the authorities sending talented staff to them.

IAIS works and Asia

While I have been talking about our efforts to strengthen cooperation with Asian countries, I would also like to briefly touch upon the efforts by the International Association of Insurance Supervisors (IAIS) to develop international standards for insurance regulation and supervision.

The IAIS is working earnestly on various issues which include:

- Discussions for developing ICS (Insurance Capital Standard) which is the international capital standard for the Internationally Active Insurance Group (IAIG),
- Public consultation for the revision of ICP (Insurance Core Principle) which is the basic principle on the supervision for all insurers, and ComFrame (Common Framework for the Supervision of IAIG) which is the common framework for the supervision of IAIG.

As these processes are so important for both the insurance industry and the insurance supervisors in Asia, we need to carefully follow them.

In the fast-growing Asian economies, their insurance markets also have huge

potential, and a lot of domestic and foreign insurers are expected to expand their business more actively. Against this backdrop, we are hoping to see the enhancement of regulation and supervision for insurers in each jurisdiction through these IAIS works, and thereby contributing to the sound development of the Asian insurance market. It is also important that Asian supervisors actively deliver their views in the discussions at international standard setting bodies such as the IAIS so that the discussions will properly reflect our perspectives and market practices.

The JFSA is actively participating in the discussions at the IAIS as a supervisor with the second largest insurance market in the world. We would like to continue these efforts by continuously working together with other Asian insurance supervisors in order to reflect Asian views in the discussions at the IAIS as much as possible.

This year, the IAIS annual general meeting will be held in Kuala Lumpur, Malaysia. I expect that it will be a good opportunity for us to enhance the Asian presence among the IAIS members.

Conclusion

In closing, I wish for the success of this forum and further development of all the participants, and hope that we enhance cooperation in Asia that extends beyond national borders and beyond the difference between the public and the private sectors.

Thank you.